HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 235-1307

April 5, 1976 Vol. 7 No. 14

Current Trends

The *Dodge Building Costs Services of McGraw-Hill* reports that building costs rose nationally in the 12 months from March 1975 to March 1976 by 9.6 percent. The major variations in percentages from the average were in Atlanta, which rose 4.1 percent; Birmingham, 6.1; Cleveland, 4.2; Houston, 13.6; Milwaukee, 16; New York, 3.5; and Seattle, 14.3. Most of the other cities in the country were approximately within the 9.6 percent national average range.

HUD's GNMA has awarded two mortgage-backed securities offerings in the amount of $239 million. The 7¼ percent 30-year securities totaling $118.1 million were awarded at a price of $92.2629 and are being reoffered at $92.65 to yield 8.23 percent to the investor. The second group... the 7½ percent 30-year securities totaling $121.2 million... were bought at a price of $93.9769 and are being reoffered at $94.40 to yield 8.24 percent to the investor. This is the thirteenth such auction conducted under ***GNMA's*** revised *Mortgage Disposition Program* and brings the total securities auctioned in this manner to $3.1 billion.

The slide in short-term interest rates is ending... homebuilding is on the rise... and the decline in mortgage interest rates will hit bottom this spring... *Federal Home Loan Mortgage Corporation* analysts have reported in the *Mortgage Corporation's Mortgage Finance Review* for the last quarter of 1975. The *Review* reports that mixed indicators promise a noticeable... but modest... increase in housing starts in the U.S. by mid-1977. Rising incomes, pent-up demand, and leveling off of inflation and of new-home prices are contributing to a recovery by the sluggish homebuilding industry. Countering these positive influences, however, are problems in multifamily construction, plus a rising proportion of existing home sales and continued high new-home prices. High costs are a particular bind on new-home sales, the *Review* says. The ratio of median family income to median new-home sales prices went from 2.370 in 1970 to 2.935 last year.

Urban renewal project notes totaling $259.6 million representing 95 local issuing agencies were sold in mid-March at an average interest rate of 3.162 percent. The average interest rate for the notes sold in mid-February was 3.039.

***HUD's* March 1 opinion survey of conditions in the mortgage market showed that nationally... the secondary market price for immediate delivery of *HUD/FHA* insured new-home mortgages with 30-year terms and minimum downpayments increased one-fifth of a point to 97.8 percent of $100 of outstanding loan amount. The equivalent gross yield to investors at this price was 9.04 percent... a decrease of two basis points from the February 1 yield.**

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Fair Housing Month Commemorated

Activities commemorating *Fair Housing Month* were inaugurated in the *Department's* Headquarters Building on April 2.

Secretary Hills, other ***HUD*** and Federal agency officials, guests from the ***White House*** and ***Congress***, members of national civil rights leadership groups, and representatives of the real estate industry participated. The attending guests signed a ceremonial document calling for personal commitment to the principles and spirit of the *National Fair Housing Law of 1968.*

HUD Program Helps Control Crime

Crime is down at seven problem public housing projects in New York City... partly because young high school dropouts are hired to help police the area.

At *Cabrini Green*... Chicago's vast 3,600-unit project... tenants, with ***Housing Authority*** support, put pressure on problem families to halt illegal activities.

At Newark's 1,149-unit *Stella-Wright Project*... apartments are getting long overdue janitorial attention, and tenant management is becoming a reality.

These are examples of the impact of ***HUD's Target Projects Program (TPP)*** on some of the Nation's most troubled public housing projects, according to reports by ***HUD*** field personnel. The program was funded at $35 million annually for 3 years.

In addition to the ***HUD*** field reports, an independent report evaluated the cost and status of each *TPP* objective during the program's first 6 months, from last April through September.

Reflecting an encouraging trend, the report, prepared by ***Coopers & Lybrand,*** an international management consulting firm, also cited an increase in monthly operating receipts from $769,489 to $983,406 for 28 public housing projects encompassing 25,571 units.

The report also highlighted an increase of $5.5 million in support by community-based agencies supplying health care, income assistance, and recreation and consumer services previously unavailable to the tenants.

"It is our considered opinion," the report said, "from an analysis of the data and a review of all the operating plans that the first objectives for the *Target Projects Program,* namely to foster management improvement and to initiate the 'turn-around' process in the ***Local Housing Authorities,*** are well on the way to being achieved."

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Forum on Street Signs Announced

***HUD* will hold an open forum in Chicago on April 22-23 on local government action to control the proliferation of signs along city streets.** The forum will be open to all interested parties, including consumer, government, and industry groups. Sessions will run from 9 a.m. to 5:30 p.m. daily.

"It is not the purpose of this forum to develop Federal regulations controlling the use of signs," said ***HUD*** Assistant Secretary Charles J. Orlebeke. "Rather... we are offering a neutral marketplace to discuss competing ideas among the various groups concerned with the legal, economic, and design aspects of local sign control ordinances."

Many communities have adopted graphic systems or enacted sign control ordinances as demonstrations of concern for the quality and visual character of their streets, the ***HUD*** official said, and considerable research has been done in the field by both public and private sectors.

Requests to appear and present statements should be submitted... together with an outline of topics to be presented... no later than April 7 to the ***Assistant Secretary for Policy Development and Research,*** 451 Seventh St., S.W., Washington, D.C. 20410, Attn: *Urban Signage Forum.* Complete written copies of materials to be presented should be forwarded no later than April 16.

Statements prepared by persons unable to attend the forum will be accepted and incorporated into the forum report. Such statements should be received at the same address no later than April 16.

All comments and information submitted will be available to the public.

1975 Home Sales

The *Federal Home Loan Bank Board's Economic Briefs* reported that the inventory of unsold homes showed little change during the second half of 1975 after declining moderately early in the year. In January 1976, there were 384,000 unsold homes. Of this number... 197,000 were under construction, and it is these units that have been selling relatively well. There are 134,000 units in the completed category that have not been selling particularly well... the remainder of the inventory of unsold homes consist of 53,000 units for which permits have been issued, but which have not been started.

The better sales tone in the single-family market has occurred despite the sharp increase in the median sales-price of new homes since September... the median sales-price was relatively stable during much of the year because of the downward price-pressure exerted by the large inventory of unsold homes and the requirements imposed upon builders in order for them to take advantage of the housing tax credit. However, the median sales price of new homes rose quite sharply from $38,200 in August to $42,100 in December and declined only slightly to $41,900 in January... undoubtedly this increase reflected in small part the gradually improving income position of households as the economic recovery continued.

Increased new home prices, however, also reflect the type of households purchasing new homes. Even under normal conditions, the majority of purchasers of new homes already own an existing home. The number of transactions in existing homes continued to set new records during the final months of 1975, although declining in January, and this was accompanied by higher prices of existing homes... it is likely that new-home sales toward the end of 1975 and in January 1976 were disproportionately represented by households who sold an existing house at a favorable price and were... therefore... in a good position to pay a high price for new housing. Thus, a disproportionate part of the strength in new-home sales may reflect upgrading by more affluent households.

Along the same lines... the March issue of the *Savings and Loan News* published by the ***U.S. League of Savings Associations*** covered the impact of rising home costs on the housing market. Based on data supplied by the ***Department of Commerce*** and the ***FHLBB***... the article reported that the average cost of a new house rose in the 1965-1975 period by 86 percent... from $22,900 to $42,600. The average rate of interest rose during the same period by 34.5 percent... from 5.8 to 9.2 percent. The average mortgage on the same house... based on 80 percent of sales-price... rose from $18,320 to $34,080... and the monthly payment was up 86 percent... from $115.92 to $215.64.

The article concludes that to purchase the typical 1975 house that cost over $40,000... a family would need an annual income of $13,000 or more... even if they had the 20 percent downpayment on which these calculations are based. As a result... between half and two-thirds of American families could not afford to buy the $42,600 average house built in 1975.

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Special Censuses Conducted in 133 Municipalities During First Half of 1975

Special censuses were conducted by the Census Bureau in 133 local jurisdictions during the first half of 1975. A special census is conducted at the request and expense of a local government... usually in order to update the population base for State tax fund allocations. Information collected in a special census is usually limited to a count of all persons by age, sex, race, and their relationship to the head of household. Additional questions may be asked if the local government is willing to incur the cost.

The report shows that the 133 special censuses were distributed among 22 States. The most populous place enumerated was San Bernardino County, California... where the 1975 total was 696,064. The smallest place was Watson City, Arkansas; it had a population of 401.

The report also includes a table of the populations in areas annexed to the 133 municipalities since the 1970 census.

Copies of the report, Summary of Special Censuses Conducted by the Bureau of the Census between January 1, 1975 and June 30, 1975, P-28, No. 1522, may be obtained for 30 cents from the ***Superintendent of Documents***, Washington, D.C. 20402.

FYI

Louisiana State University... Second Southeastern Conference on Application of Solar Energy... Baton Rouge, April 19-23. **Details: Dr. Arnas, Dept. of Mechanical Engineering, *LSU*, Baton Rouge, Louisiana 70803.**

National Academy of Sciences... Annual Meeting... Washington, D.C. April 26-28. **Details: *National Academy of Sciences*, 2101 Constitution Ave., N.W., Washington, D.C. 20418 (202/393-8100)**

National Academy of Engineering... Annual Meeting... Washington, D.C., April 28-29. **Details: *National Academy of Engineering*, 2101 Constitution Ave., N.W., Washington, D.C. 20418 (202/393-8100)**

American Institute of Architects... Annual Convention... Philadelphia, May 2-5. **Details: Frances Brown, *AIA*, 1735 New York Ave., Washington, D.C. 20006 (202/785-7300)**

Municipal Finance Officers Association of the U.S. and Canada... Annual Convention... San Francisco, May 2-6. **Details: *MFOA*, 1313 E. 60th St., Chicago, Illinois 60637. (312/324-3400)**

League of Women Voters of the U.S... Biennial Convention... New York, May 3-7. **Details: *League of Women Voters of the U.S.*, 1730 M St., N.W., Washington, D.C. 20036. (202/296-1770)**

University of Chicago Center for Continuing Education... Management Information Seminars for Electronic Data Processing Professionals... Chicago, May 10-12, May 17-19, May 24-26, June 14-16, August 2-4, and August 18-20; Toronto, August 11-13. Seminars cover *Systems Analysis and Design, Data Processing Management,* and a number of other subjects. **Full curriculum and further details from: Heidi E. Kaplan, Information Services Manager, *New York Management Center*, Department 14NR, 360 Lexington Ave., New York, New York 10017. (212/953-7262)**

International Federation for Housing and Planning... Annual Convention... Theme: *Local and Regional Government—Better Environment for Human Settlements...* Kobe, Japan, May 17-22. **Details: *IFHP*, Wassernaarseweg 43, The Hague, Netherlands.**

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